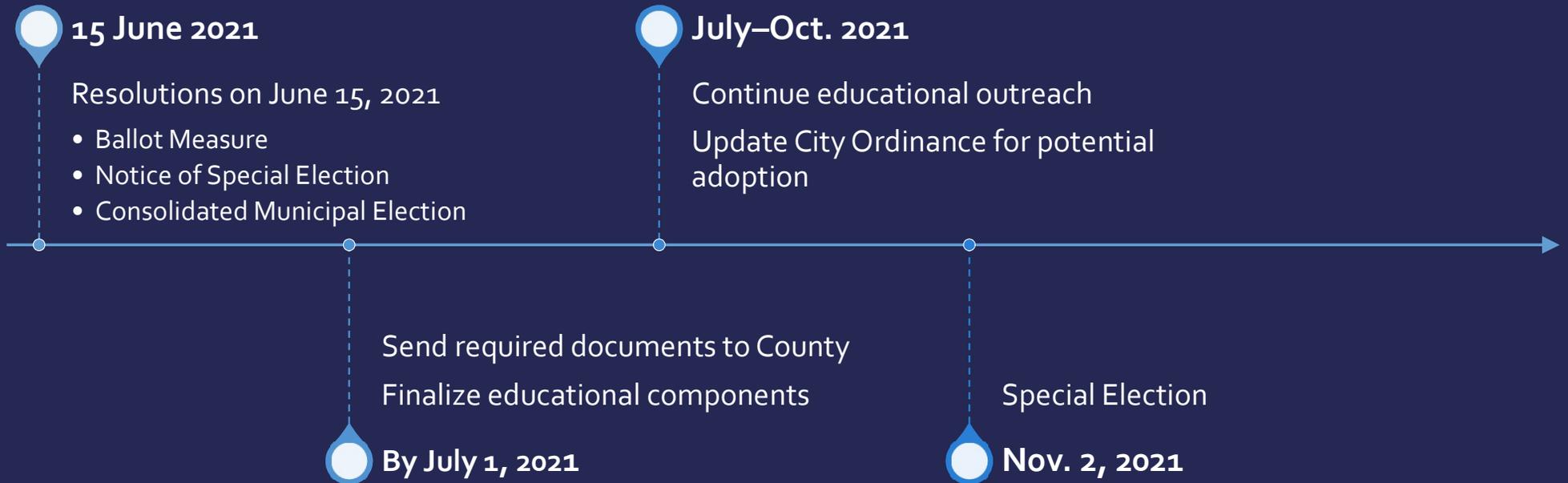




CITY OF BRAWLEY UTILITY USER TAX INFORMATION

The information contained in this presentation is for the City of Brawley and is intended to provide a summary of the utility user tax, city operations, and why Measure U has been placed on the November 2, 2021 ballot.

UTILITY USER TAX TIMELINE



HISTORY OF THE UTILITY USER TAX

First adopted in 1991

- Rate has varied up to 5%
- Renewed 7 times
- Expires on May 31, 2022

Used to fund essential city services

- Police, fire, parks, community facilities, administration, libraries

Annual revenue is \$1,900,000

- 9% of total General Fund revenues
- 19% of General Fund tax revenues

UUT revenue is 100% locally collected and remitted to the City

- Oversight by external independent audits
- Protected from State takeaways
- Locally controlled for City services

City of Brawley Utility User Tax Ballot History

Election Year	Measure	Total Voters	Yes	% Yes	No	% No
1998	Measure P	3,611	2,128	58.93%	1,483	41.07%
2005	Measure O	3,656	1,907	52.16%	1,749	47.84%
2011	Measure K	2,860	1,653	57.80%	1,207	42.20%
2017	Measure W	2,659	1,649	62.02%	1,010	37.98%

PREVIOUS UUT BALLOT MEASURE RESULTS

The 2020 UUT Measure R was pulled by the City after the ballots were printed, therefore, these results have been excluded because a vote was not anticipated by the City.

HOW DOES BRAWLEY COMPARE TO OTHER AGENCIES?

- Brawley is a full-service city
 - Police, fire, airport, water, waste water, library
- UUT rate for Brawley is 4%
 - There are 162 UUT's in California
 - Other UUT rates range from 1% to 11%
- UUT rate is applied to
 - Water /Wastewater
 - Electricity
 - Gas
 - Cable Television
 - Landline Phone Services
 - Most other agencies also include other Telecommunications
 - Cell phone and internet based services



IF APPROVED, HOW WOULD UTILITY BILLS CHANGE?

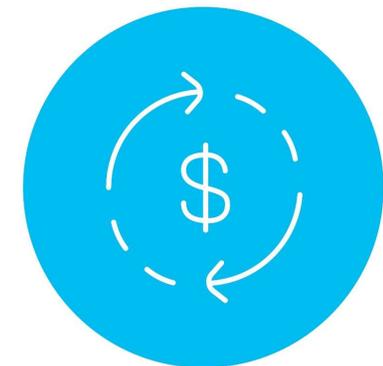
Utility Bill	Change
Electricity	No Change
Water/Wastewater	No Change
Natural Gas	No Change
Trash	No Change
Landline Telephone	No Change
Cable Television	No Change
Cell Phone	4% tax would be added
Streaming Video Services	4% tax would be added

- Measure U is NOT a new tax
- The 4% UUT already exist on most utility services
- The tax would NOT increase, therefore there would be no financial impact on most utility bills
- Modernized services that have been added as alternatives to landline telephones or cable television would be added to the tax

CITY SERVICES

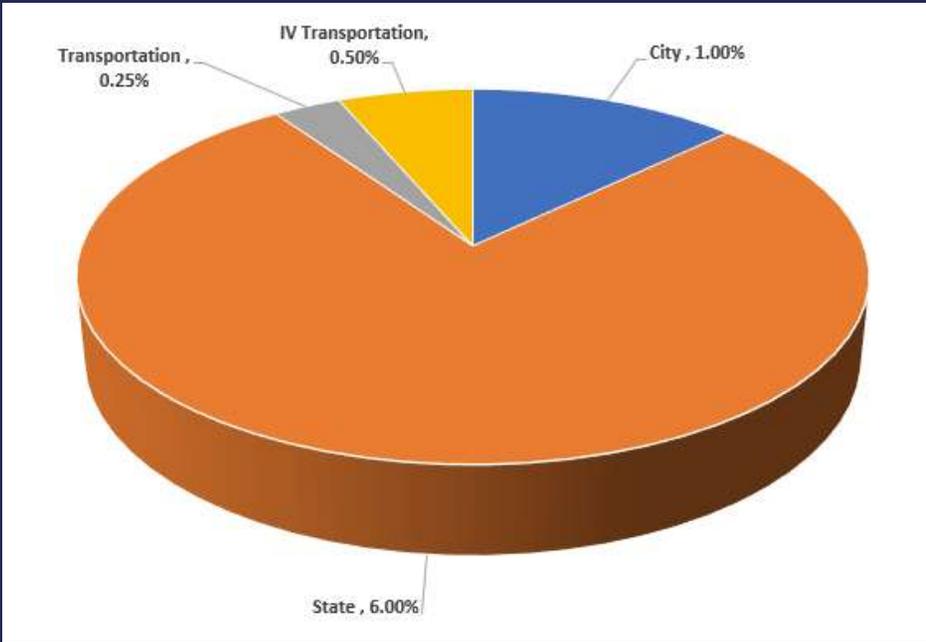
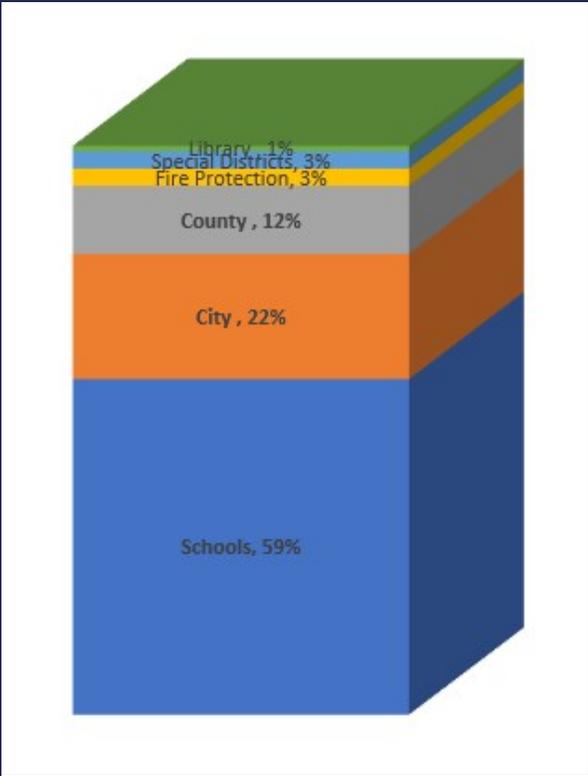
Enterprise Funds	Water	Wastewater	Airport	Police	Fire
Supported by UUT	Parks	Recreation	Library	Senior Center	Administration
Contract Services	Finance	Information Technology	Human Resources	Planning	Engineering
<i>Brawley is considered a full service City.</i>	Development	Animal Control	Building Maintenance	Trash & Street Sweeping	Public Transportation

CITY OF BRAWLEY TOP GENERAL FUND TAX REVENUE SOURCES



	Property Taxes	Sales Taxes	Utility User Tax
City Allocation	\$0.22 cents per \$1	1% of the 7.75%	100% of the 4%
City Revenue FY 21/22	\$1,707,477	\$2,260,337	\$1,900,000

PROPERTY AND SALES TAX DISTRIBUTIONS



MEASURE U BALLOT QUESTION

Shall the City of Brawley (“City”) adopt an ordinance extending the Utility Users’ Tax until otherwise repealed by voters at a rate of 4%, which is less than surrounding municipalities, upon the use of telecommunications services, natural gas, water, sewer, and solid waste to maintain city services, including, but not limited to, police, fire, City administration services, library, parks, recreation, and senior center, which is projected to raise approximately \$2.5 million per year?

KEY POINTS OF PROPOSED BALLOT LANGUAGE

- Proposed ballot language was model after the original 1995 UUT ballot measure
- Modernizing the UUT is estimated to add an additional \$600,000 in annual UUT tax revenue. For a total of \$2.5 million a year.

1995	2021 and Beyond
Landlines	Cell phones
Internet dial up	Internet Wi-Fi & satellite services
Cable TV	Steaming movie & entertainment services

WHY IS AN ORDINANCE UPDATE NEEDED?

- Ordinance was last updated in 1992 and 1998.
 - Describes new modernized services
 - Updated regulatory requirements
- Provides additional clarity as to how the UUT ballot measure will be implemented.
 - Expanded from 8 to 16 pages
- Updated Ordinance is only adopted if the ballot measure passes.



ORDINANCE UPDATES

Expanded Definitions

To include modernized services and language used by utility providers.

- Ancillary telecommunication and video services
- Post paid and pre-paid services
- Communication services

Additional Clarifications

Provide guidance to the City, utility providers, and external auditing firms.

- Collection of taxes
- Remittances and reporting requirements
- Auditing of billing records
- "Shall include, but is not limited to" - used to reference future utility services

Added Modernized Services

Services that did not exist in 1992/1998.

- Telecommunication services
- Bundled services

ORDINANCE UPDATES CONTINUED

State/Federal Mandates

To reference regulatory and oversight agencies

- Laws of the State of California
- California Public Utilities Code
- Laws of the United States
- Federal Communication Commission
- References to three Acts - Permanent Internet Tax Freedom Act, Mobile Telecommunications Act, Telecommunications Sourcing Act.

Added or Removed References

A new Ordinance would repeal and replace current Ordinances from 1992/1998.

- Transition period would end on July 31, 2022
- 60 day implementation for tax changes



**Have additional questions?
Contact the finance department at
760-344-8941 or kromero@brawley-ca.gov**